

# Argyle Conversations

by ARGYLE EXECUTIVE FORUM<sup>SM</sup>

*featuring*

**Dan Neely**

Founder & CEO  
Networked Insights

&

**Jason Redlus**

Founding Member  
Argyle Executive Forum

*Collecting real-time data on consumer trends and using it to refine target audience marketing, while also cutting marketing costs, was the topic of a November conversation between Dan Neely, founder and chief executive officer of Networked Insights, and Jason Redlus, founding member of Argyle Executive Forum.*

## Dan Neely

Dan Neely is Networked Insights' founder and CEO. He has more than ten years of management, operational and entrepreneurial experience with technology, manufacturing and services companies. He understands the challenges companies face in gathering relevant, real-time insights about their customers.

Dan has always loved data and math. He studied risk-management and insurance to become an actuary. But while pursuing that career path, the enormous value presented by the world's largest set of consumer-intelligence ever assembled—social media data—provided a way to apply his passions and skills to a much bigger opportunity. He wanted to use that data to improve the quality, speed and efficiency of market research providing actionable insights. In 2006, he launched Networked Insights.

Previously, he served as Scient's director of strategy. Scient was the fastest growing services company in history; it had a successful IPO, eventually grew to a staff of 2,000 colleagues and launched more than 40 e-businesses. Before Scient, he worked on the team that launched Esurance, the first online insurance company.

Dan has been a visionary and a leader in social media analytics since the beginning. He is a sought-after speaker, delivering talks and sitting on panels at conferences for iMedia, ad:tech, and OMMA. He has been quoted in The New York Times, Los Angeles Times, USA Today, iMedia Connection, and TechCrunch and has appeared on Fox Business News.

He graduated from the University of Georgia.

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## Jason Redlus

Jason is Argyle Executive Forum's managing member and founder. Argyle Executive Forum is a professional services firm that convenes and connects business leaders from highly targeted business-to-business communities for strategic collaboration and business development.

More than 40,000 executives participate in one or several of Argyle Executive Forum's communities, with more than 700 new members joining every month.

Prior to forming Argyle Executive Forum, Jason launched the private-equity business effort for Capital IQ, which Standard & Poor's acquired in 2004. Prior to Capital IQ, Jason was an investment banker, focused on middle-market mergers and acquisitions and leveraged buyouts.

He graduated from Cornell University and Harvard Business School.

**JASON REDLUS: Let's start with a brief overview of your background, and the insights you provide for chief marketing officers and other executives of large growth industries.**

DAN NEELY: Though I didn't start as an entrepreneur, I've turned into what you might call a serial e-business entrepreneur. I'm a co-founder of Esurance, an online insurance company. After that, I went to Scient, an Internet consultancy that grew from a staff of eight people to ultimately employ 2,000. I also helped start an e-business with IBM, collaborated with British Telecom and helped to grow many of the other e-businesses that exist today.

And during a period when I was figuring out what to do next, I got accepted to culinary school but ended up delaying that to start Networked Insights. We were founded on the idea that gathering information about our customers and learning about our customers in real-time is a really compelling proposition. Networked Insights uses real-time data to get more reach for the same amount of spend.

We assumed at the beginning that our methods might be used in product development or in service or in marketing, and marketing is where we ultimately ended up. We realized that we can't just focus on digital but have to focus on the entire marketing spend; we have to be able to inform TV buying, digital buying, keywords, content creation, sponsorships, even mobile. We have to cover it all.

**"We were founded on the idea that gathering information about our customers and learning about our customers in real-time is a really compelling proposition"**

Data drives our decision-making and recommendations about which media properties to invest in, which content to create, which celebrity endorsements to pursue. We guarantee that making those data-driven changes will yield results. If they don't, Networked Insights doesn't get paid.

### **What is the size of Networked Insights' client base?**

We inform about \$5 billion of media. It's a significant number that we believe will get bigger as more companies come to us to help them develop a performance-based marketing plan. We're shifting away from a model that simply throws 27 workers onto your account, one that's mainly driven by a body count of workers, to one that is more data-driven, with five or six people overlaying their genius on the data. We call it the Moneyball of Marketing.

### **What are some case studies of clients and examples of some of the killer apps you're using?**

Our clients are trying to find new products and are typically targeting a younger demographic. For example, a client might ask, "How can we make people think about our brand while having lunch? What content can we put in front of them? How do we put that content on Facebook? How do we create content and identify key attributes that help us to measure, ultimately, the overall brand effectiveness?" That's one example.

Another example is where we've taken the slate of new television shows and evaluated them to project which ones are going to get the most usage, the higher gauge of what we call general packet radio service or GRPS. That's what Nielsen uses to develop TV pricing. We were able to make the projections on new show success with an accuracy rate of 96 percent. For our brands, it means that for every \$100 million they're spending on TV, they're getting about \$128 million of value.

And, as one example of killer trending, we realized that NCAA fans love upsets. With a client in that arena, we developed a way to license content from the NCAA, then used YouTube and Google to create a channel that was exclusively dedicated to those upsets, using real-time data to identify the most popular upsets. When an upset happened in the current tournament and you searched Google, this channel showed up. While it didn't have any content from the current tournament, it had really exciting upsets from the past season.

Our client spent \$2 million and, with that, got more awareness, more reach, more brand favorability than a car company that, by comparison, had spent \$42 million to put cars on the tournament courts, on big TV commercials, the full enchilada, if you will. We outsmarted that old model.

**In conveying to your client that people love upsets, how did you capture the information?**

Through our platform. Imagine a massive number of traders, sitting in front of computers at a trading desk on Wall Street, looking for anomalies that exist in the data. Our system is doing just that, looking for anomalies in the data. The system is telling us what's happening. And so we're looking across a number of different audiences to say, "Yeah, this is moms, this is millennials, this is sport enthusiasts" and so forth. Who's popping and what's popping right now?

"One example of killer trending, we realized that NCAA fans love upsets"

We present that analysis to our client leads and say, "This is a great opportunity for the following reasons." We're making this a technology-driven, rather than human-driven, enterprise. We're extracting value from and utilizing the interactions and commentary on the Web—with its 800 million users globally and 250 million domestically—to make highly informed media marketing decisions.

**Do you know who those millions of people are in some cases?**

We don't know all of them, given that many of their personal identifiers are private. And, furthermore, we don't need to know them individually. What we care about is using data from Facebook, Twitter, Google, YouTube, blogs and so forth to determine how many of those individuals look the same, sound the same, do the same things. How fast is that group of people growing? What does their daily digital activity tell us about what they care about?

**In what ways does your model complement the current traditions and conventions of market research?**

In the long term, market research becomes everybody's job. No matter where you sit on the company ladder, given the available and growing access to data, everyone can participate in this.

Rather than being silo'd, research departments are now being mainstreamed. Now, I don't think we're going to get rid of research departments but their strategic role is changing. Rather than projecting and trying to justify what can happen, they will be focused on what is happening and on the leading, clear indicators and predictors.

This will involve retraining of research people who, in general, are not used to the real-time data that allows us to make much faster decisions.

**For CMOs who are trying to determine what they know, don't know and should know about real-time data, what advice would you give?**

The first thing—and you don't even need real-time data for this part—is to review how you're doing campaign planning. How much time lapses between the day you start working on a campaign and the day it actually launches? And that's a gauge of how close you are to thinking about the importance of real-time data.

The second question is what are you allocating to the campaign budget and when? Do you hold back money? How much? Our lead clients that already are working with real-time data hold back 75 percent of their budget so that they can take advantage of things that happen during the campaign. That's a significant number. It also signals that a different mindset is involved in managing that campaign. You're tailoring that campaign daily, which might prompt some people to think this new approach is going to be really expensive. Some people will think—wrongly—that because TV spot-buying is 50 percent more expensive than buying at the upfronts, they'll be spending more money.

“Any honest CMO will say there's already waste in the system, mainly in spending on the current test-and-learn approach”

Some will wonder if the inventory will be there when they have to buy digital or that they've got to create content and spend more time on that and, therefore, they'll be spending more money. Not true. What you'll be doing is spending money in the right place rather than spending an excess of money, wasting it.

Any honest CMO will say there's already waste in the system, mainly in spending on the current test-and-learn approach. And that's the third point: Testing to prove whether something works costs much more than just starting at the beginning with something that we know works. Marketing based on real-time data ensures that consumers are being led to the right place. The data let the consumers tell us what they care about, the TV shows they love to watch and, as result of that, they're going to watch our commercials.

When the CMO meets with the rest of the executive team, their use of real-time data across the entire marketing ecosystem—not just in social media—shows us what needs to be done today, tomorrow and on down the line. Using these analytics is a big step up from making decisions based on what your gut tells you; your gut can lead you astray.

**How do potential clients partner with you? What's the cost?**

We have two different pricing models. The per-project one typically costs hundreds of thousands of dollars.

When we get to a strategic level with our client, where we're cutting across strategy, content, media, digital, measurement and a number of other things, we charge a percentage of spend. We charge a percentage of spend because of the guarantee we give. So the high-end people spend two percent of their media with us, and we get two percent of spend, while guaranteeing a return rate of five times the spend.

“When we get to a strategic level with our client, where we're cutting across strategy, content, media, digital, measurement and a number of other things, we charge a percentage of spend. We charge a percentage of spend because of the guarantee we give”

**What's harder, getting data in real-time or responding to what you learn fast enough? How do your clients handle that?**

Gathering real-time data is not really that hard. Doing it at scale, however, is what's difficult. That's why it's taken us five years to build this technology. If you're looking at over a billion items a day—across many, many different segments—how do you make sure that things are going to turn out correctly?

What's hard for a CMO, then, is figuring out what to do with that data, figuring out how to activate it in the marketplace. We have to show the CMOs how these data are going to deliver more reach than their current media plan. We're providing a prescriptive from the very start.

We tell them that this is very fast-paced and this plan takes six months to put into place. CMOs must understand that they'll be managing this as though it were a presidential campaign; that's the metaphor I like to use. And for some CMOs that will be really hard. They'll be doubtful: “What is this guy talking about? We're never going to get there.”

With all the different businesses we work with, when we walked in the first day, every CMO said, “There's no way that we can pull this off at scale.” But when they start realizing the amount of money that's going to be saved or the additional reach they'll be getting or the additional shareholder value they're creating, then they buy into it.

**What parts of a consumer's profile are you parsing with real-time data? Gender, location?**

To start with, we don't dwell on any of those demographics because we find them to be misleading. We'd rather start with what's actually important in people's lives and begin with that natural segmentation. Take the millennials, people born around the mid-1970s; a huge number of them love gaming. They love hard-core sports, certain kinds of TV shows. So how can you slice and dice this? They behave the same across the ecosystem, so we look at where they are, geographically, around the world. What devices are they using—a mobile device or a PC or a Mac—as they engage in what's going on in their lives and in the world? We can also segment them based on media type, whether it's TV usage, digital, magazines.

**In 2011, what most surprised you, most intrigued you about this work?**

We're not going to release the details of this data publically until next year but what we found most interesting were the upfronts. We projected, with 96 percent accuracy, what was going to work and what wasn't. That meant our clients were able to lock in rates significantly lower than what they would have been charged. That's a huge case study for our company, proving that we can help in the TV ecosystem more than anywhere else.

The second thing is the fact that we're able to extract value from this data that doesn't just involve social media but let's us go after the entire marketing ecosystem, the entire marketing spend. And that's what we want to do.

If I were to look at a third thing, it would be the sheer growth of the organization and the fact that our A-team at Networked Insights has taken this data and come out with highly reputable recommendations. I'm amazed by that every single day, and by our guaranteeing that the recommendations we make, using real-time data, are giving our clients far more reach for the same amount of spend they would have been making. Doing that across \$5 billion of spend is a pretty cool thing for us. ■